

note was cut into two pieces, left in the hands of the drawer and the payee, and payment was made after the genuineness of the note had been ascertained by collating one piece with the other. As these notes could be issued without restrictions, the system led to abuses, which were rectified in 1905 by a code of regulations for promissory notes and note associations. These regulations limited the issue of such notes to regularly organized associations, which were made arbiters of their genuineness. These regulations were modified in November, 1906, so as to permit the use of checks and bills of exchange and to modernize the form of the note. The Seoul Note Association, which was formed in January, 1906, contained in 1908 230 members and had issued up to the close of February 2,355,092 yen (\$1,177,500) in notes, of which 433,850 yen were outstanding. Five similar associations in other cities brought up the total issue to 5,380,046 yen (\$2,690,000), of which 4,404,006 yen had been paid off and 976,040 yen were still outstanding.¹

The actual currency circulation of Korea is furnished by the First Bank of Japan under an Imperial ordinance of March, 1905. This bank is one of the largest of the joint-stock banks which survived the reorganization of the Japanese monetary system. The bank has no authority to issue notes in Japan, and its circulation in Korea is covered partly by specie and partly by securities. The highest denomination of notes is ten yen (\$4.98), and the lowest ten sen (five cents). The amount was increased after the full inauguration of the gold standard, rising from 3,371,817 yen at the close of 1904 to 9,224,400 yen in 1906 and 12,465,300 yen (\$6,232,500) in 1907. The reserve at the close of February, 1908, consisted of 3,816,212 yen in specie and 6,779,288 yen in securities.³

¹ Financial and Economic Annual of Japan, 1908, Appendix, 8.

² Ibid., 5.